

SUMMARY

The City's economic development policies and strategies are coordinated with the land use plan. They examine regional and local economic conditions, assets and liabilities, expansion and/or stabilization of the tax base, and promotion of quality employment opportunities. Available land resources in Warwick are limited.

ASSETS

- With 1,255 hotel rooms available in the City, Warwick has become Rhode Island's hospitality center.
- The State Airport is located in Warwick, creating direct and indirect economic benefits for Warwick.
- 39 miles of coastline with numerous inlets and coves makes Warwick a popular boating area.
- Warwick has a well-educated work force. Seventy percent of residents 25 years old and over have completed at least twelve years of school.
- Warwick benefits from a comprehensive transportation network:
 1. Highways - Interstate Route 95, Interstate Route 295
 2. Airport - T.F. Green State Airport
 3. Rail-Providence & Worcester

LIABILITIES

- Significant disinvestment in the northern Warwick corridor resulting from a shift in commercial focus to Route 2/Bald Hill Road Area.
- Manufacturing has declined while service and retail trades have increased.
- Housing market is soft due to a sluggish economy, high prices and excess inventory.
- Due to historic development patterns, Warwick residents have never developed a strong, citywide identity.

INFRASTRUCTURE

- Lack of infrastructure is a hindrance to continued economic expansion.
- Warwick is only 30 percent sewerred.
- Water system has pressure problems due to undersized mains.
- Traffic circulation within Warwick has problems. With the exception of the interstate system and a few local thoroughfare improvements (i.e. Post Road Extension, street widening), Warwick has the same arterial system today that it had thirty years ago; even though there has been significant residential growth during this period.

RECOMMENDATIONS

1. Develop an industrial and commercial incubator in existing vacant or underutilized industrial mill space. Rehabilitation and startup costs would utilize rehabilitation tax credits, SBA and CD funding.
2. Job training programs that target high tech markets should be jointly developed by the City and CCRI, New England Tech, etc. Job placement would also be a component of this program and would utilize the resources of Office of Economic Development and the Chamber of Commerce (i.e. - the Job Fairs that are already being held).
4. Continue and expand the Office of Economic Development's marketing campaign. Campaign would use a mix of media advertising, direct contacts (i.e. - trade shows, trade delegations) to aggressively attract industrial and commercial investment.
4. Develop a "Sister Cities" program where the City would develop a relationship with a similar sized community in Eastern Europe to foster commercial, industrial, and cultural exchanges.
5. "Land Bank" - to fund infrastructure improvement or land parcel assembly as a draw to new business.
6. Consider development of Route 37 extension to Warwick Avenue to increase accessibility

of areas east of T.F. Green State Airport, particularly Conimicut and Warwick Neck.

7. Seek state acquisition/rehabilitation of Warwick Industrial Track, Pontiac Secondary, and Washington Secondary rail lines. These lines represent an important transportation resource that would be lost if the lines are abandoned. The City should attempt
8. to attract industrial and commercial uses to the area adjacent to these lines that would benefit from rail access.
8. Expand the Warwick sewer system to service those areas that are inadequately served by the ISDS, as well as those areas that are targeted for commercial or industrial development.
9. Upgrade the public water system to eliminate delivery/pressure problems.
10. Overhaul the Northern Warwick Incentive Loan Program to counteract the problems associated with the present program. The federal employment regulations that are attached to the seed money in this program currently act as a disincentive to applicants.
11. Continue **Office of Economic Development**' tourist promotion efforts.
12. Increase export oriented services and industry.
13. Develop airport-related services and industry.
14. Examine the feasibility of developing coastal related economic resources.
15. Consider rezoning additional land for industry in those areas of the City that have good access to I-95 and/or I-295, and could be easily tied into the City's sewer system (or into the West Warwick Treatment Plant using existing intermunicipal sewerage agreements). Said rezoning is imperative since available industrially zoned land has almost been fully developed for either industrial or non-industrial uses

CHAPTER 1

INTRODUCTION

The overall goal of the economic development plan is to foster a strong, diverse economy in the City of Warwick. In order to address this goal, this plan will examine the economic development trends that have made Warwick what it is today. Based on this examination, the plan will seek to identify the City's assets as well as its liabilities. Finally, it will recommend actions that will enable Warwick to build on its assets while minimizing its liabilities.

The plan will primarily focus on the time period 1980-1990. During this period, Warwick, like most of New England, experienced tremendous economic growth. While significant in and of itself, this economic expansion was all the more impressive since it took place during a time of slow population growth. It was this slow population growth, combined with a shift away from the basic manufacturing employment and escalating property values, that ultimately left the City and the region vulnerable to the economic slow down of 1988-89.

Housing construction, stimulated by high real estate values, outstripped demand by 1987 and has led to a sagging real estate market since. Developers, saddled with unsold housing inventories, began defaulting on mortgage payments. The rise in ill-contrived real estate loans has in turn damaged banks and thrifts that had significantly expanded their loan portfolios during the boom years.

Municipal and state governments are also feeling the pinch. Declining federal aid to state and local governments combined with a rising personal income forced a greater reliance on sales and income tax revenues. The resulting escalated government revenues left local and state governments dependent on high rates of economic expansion. Locally this translated into a greater reliance on direct state aid and grants as the City sought to diversify its revenue base. Subsequently, with regional economic slowdown has come a decline in state outlays. Additionally, budget surpluses have shrunk in the face of declining tax revenues. This decline in state funds may force Warwick to re-emphasize locally generated revenue sources.

Whatever the ultimate state of the regional economy, Warwick's challenge will be to attain a

degree of flexibility that will allow it to successfully adapt to rapidly changing economic conditions. The following discussion focuses upon recent trends and seeks to identify strategies to enhance Warwick's economic health in a changing economic environment. Chapter 2 examines where Warwick currently stands and how it got there, as well as those resources currently available to the community. Chapter 3 profiles the City's past efforts at stimulating economic development, and the effectiveness of those efforts. The chapter also discusses the City's priorities for economic development. Chapter 4 examines Warwick's economic strengths and weaknesses. It will also discuss how its strengths might be utilized in an economic development effort. Such a discussion will form the basis for Chapter 5, which will describe the City's economic development goals, as well as strategies for attaining those goals. Finally, the plan will outline specific actions to implement its recommendations.

CHAPTER 2

WARWICK'S ECONOMY

Regional Overview

Warwick is the second largest city in Rhode Island. Like all communities, Warwick's economy is built on an intricate web of inter-relationships, which stretch far beyond the City's borders. It is through these myriad interconnections that Warwick shares the cyclical prosperity and austerity of a larger region. At present, Warwick is feeling the tremors of a larger economic readjustment affecting all of New England. For the past year the region has been in an economic downturn. Employment has declined, unemployment has increased, construction has declined, and personal income growth fell short of the national rate (6.2 percent vs. 7.3 percent in 1988-89).

For most of the 1980's however, the picture was far brighter. Employment grew vigorously and unemployment rates, which were consistently lower than those in the nation, fell to 3 percent in 1987. The region's per capita income jumped from 104 percent of the national average in 1979 to more than 120 percent in 1988 and 1989. And while consumer prices rose faster in New England than in the nation as a whole, income gains kept well ahead of the rise in prices. This strong income growth contributed to a decline in state and local tax burdens (taxes relative to income), and to a sharp inflation of regional real estate values.

Wage and salary income rose especially rapidly in New England, in large measure due to strong growth in employment. Job expansion, combined with relatively slow population growth, drove down the regional unemployment rate and pressured inflated wages in New England relative to the nation. Wages and salaries were the key to the region's strong personal income growth, constituting nearly 60 percent of total income. (see the following figures)

Changes in manufacturing production worker earnings can be considered to be representative of the overall changes in wage levels in the region. Even though these workers represent a small fraction of the total work force, their average hourly earnings comprised 89.1 percent of national earnings in 1979. By 1989, they had risen to 101.7 percent of the national average.

Figure 1
Personal Income - New England 1989

Figure 2
Average Hourly Earnings in New England and RI as a Percentage of the US

This rosy picture began to change at the end of the decade. Manufacturing job losses, slow population growth, and housing construction in excess of demand contributed to a slowing economy as early as 1988-1989. This economic downturn came at a time when the region's financial institutions were especially vulnerable.

Rapid economic growth during most of the decade induced banks and thrifts to expand their loan portfolios, particularly their volume of commercial real estate and construction and development loans. In 1980, these types of loans accounted for 13 percent of all of the region's banks and thrifts loans. By 1989, this share had risen to 23 percent. The proportion of these types of loans that were past due or written off as uncollectible debts rose sharply in 1989 as regional employment began to contract and property values fell sharply (See Figure 3).

Figure 3
Nonperformance Loans as a Percent of Total Assets (All Commercial Banks)

Source: Board of Governors of the Federal Reserve System

Not only were banks in trouble; the regions' governments had also come to rely on excessively high rates of economic activity. Federal government reductions in financial aid to the nation's state and local governments resulted in a shift toward state funding of a greater percentage of public expenditures. States also provided a larger share of state and local revenues because income and sales tax receipts grew more rapidly than local property tax receipts.

While this situation allowed for a lessening dependence on local property tax revenues by the region's communities, it also left them vulnerable to any economic downturn. This vulnerability is now very apparent. Overall per capita outlays by state and local governments have increased and, the ration of those expenditures to personal income have, in many cases, actually decreased (Table 1)

Table 1
Relative Measures of State & Local Government Expenses

State	Per Capita Dollars		Annual Rate of Change	Per \$1,000 of Personal Income		Annual Rate of Change
	1980-81	1987-88		1980-81	1987-88	
Conn	\$1,918	\$3,609	9.5%	\$158	\$170	1.1%
Maine	\$1,767	\$3,019	8.0%	\$214	\$216	0.1%
Mass	\$2,377	\$3,969	7.6%	\$224	\$207	(1.1)%
NH	\$1,723	\$2,738	6.8%	\$175	\$152	(2.0)%
RI	\$2,156	\$3,451	7.0%	\$226	\$220	(.04)%
VT	\$2,016	\$3,314	7.4%	\$234	\$233	(0.1)%
US	\$2,150	\$3,398	6.8%	\$216	\$220	0.3%

Source: New England Economic Indicators Data Base

Table 2
State & Local Government Expenses & Revenues

State	Expenses in Millions		Annual Rate of Change	Revenues in Millions		Annual Rate of Change
	1980-81	1987-88		1980-81	1987-88	
Conn	\$5,962	\$11,590	10.0%	\$6,196	\$12,340	10.3%
Maine	\$1,981	\$3,583	8.8%	\$2,075	\$3,966	9.7%
Mass	\$13,638	\$23,238	7.9%	\$13,193	\$22,374	7.8%
NH	\$1,587	\$2,894	9.0%	\$1,560	\$3,012	9.9%
RI	\$2,042	\$3,403	7.6%	\$2,121	\$3,595	7.8%
VT	\$1,030	\$1,816	8.4%	\$1,111	\$2,009	8.8%
US	\$487,047	\$827,164	7.9%	\$506,728	\$884,500	8.3%

Source: New England Economic Indicators DataBase

The City

Limited land resources are available in Warwick as a result of development and physical restraints to development. As a result, land prices escalated during the economic expansion of the mid-1980's, in many instances to above market rates. The present economic slowdown has depressed real estate values, in many cases to prices below what property owners paid during the peak of the boom.

A major shift has occurred in Warwick's economic composition over the last fifteen years. Manufacturing employment has declined, while employment in the retail and service sectors have significantly increased.

Figure 4
Distribution of State Tax Collections -Rhode Island

Table 3
Warwick Employment

Warwick Employment	1980	1989	% of Change
Manufacturing	9,170	7,104	-22.4
Service	6,377	11,713	83.7
Trade	9,608	16,162	68.1

Source:Rhode Island Department of Employment Security (DES)

While only 30 percent of Warwick is presently sewered, these areas include the majority of the City's industrially zoned lands. Should the City contemplate re-zoning additional land for industry, the limited sewer availability outside the established industrial zones could pose a significant constraint to development. Water service, while present in all sections of Warwick, suffers from inadequacies in pressure in some areas of the City. Both of these factors may act as a constraint to further industrial and commercial development.

However, Warwick is the beneficiary of the most comprehensive transportation network available in southeastern New England. Rail, air, water, and ground travel access are all good. Freight service is available from the Providence & Worcester Railroad Company and, passenger and airfreight service is available from national air carriers operating out of T.F. Green State Airport. With 39 miles of coastline on Narragansett Bay, Warwick is a haven for recreational boating; the City has 807 moorings and 19 marinas available to recreational and commercial boaters. The City is also located at the intersection of Interstates 95 and 295, which provide overland access to the regional centers of Providence, Boston, New London, New Haven, and New York.

With the development of two regional shopping malls near the intersection of the Interstates, there has been a significant shift in the location of commercial properties from the northern corridor of Warwick (Post Road--Warwick Avenue) to the southwestern corridor (Route 2). Attractions include superior highway access and the indirect benefits that come from locating adjacent to major retail anchors (the malls).

While expansion of the T.F. Green State Airport has increased the negative environmental impacts experienced by the City's residents, it has also created greater market forces for airport-related industries (e.g. hotels and couriers). The proposed airport terminal expansion will include a new air cargo facility that will consolidate and increase overall air cargo operations at the facility.

Present employment in Warwick is strong and diverse. Retail comprises 32.9 percent of all jobs in the City; followed by services (25.4 percent); manufacturing (24.5 percent); finances, insurance and real estate (6.7 percent); wholesale (3.9 percent); construction (3.5 percent); and all other types of jobs (3.1 percent). The fastest growing industries in recent years have been air transportation, business services, printing and publishing, and personal services. The primary declining industries are machinery (except electrical), primary metal industries, and insurance carriers.

The median family income in Warwick is \$21,295. This figure represents the highest dollar amount among Rhode Island communities with 25,000 or more in population. This, combined with the fact that 70 percent of City residents over 25 years of age have at least 12 years of schooling, means that a more learned work force is apparently available. However, Warwick's multi-nodal development pattern has kept it from developing a traditional central business district and has also left Warwick with no distinct identity on the whole. Resident identity tends to be neighborhood-oriented, rather than citywide.

Historic Background

Settled in the early 17th century by European immigrants, Warwick was granted a Town Charter by the Rhode Island Colonial Government in 1648. Subsistence agriculture was the principal occupation of early Warwick residents. Warwick's early development was interrupted by hostilities associated with the outbreak of King Philip's War. Following cessation of hostilities, Warwick was rebuilt and the community prospered as an agricultural and maritime settlement.

Industrial development began early in the City's history with the development of a fulling mill in Apponaug in 1696. This was followed by the establishment of saw and gristmills along the Pawtuxet River in the following years. Because of its hydropower potential, the River was an ideal location for early industrial development.

The beginning of the 18th century brought prosperity and continued economic development to Warwick. Farming continued to expand and sea trade along the coast increased. Harbors in Pawtuxet and Apponaug facilitated trade with the West Indies and Africa. Sugar, molasses and slaves were shipped into Warwick for markets in the American colonies. Rum production became part of Warwick's economy -- the most famous distillery was located at Stillhouse Wharf in Pawtuxet.

Smuggling was added to the local economy after 1732 when the British placed new taxes on sugar and molasses and eroded the high profits of the maritime trade. The Town's many coves and inlets were ideally suited to the illegal activity. British attempts to stop the smuggling eventually led to the burning of the British Schooner Gaspee off Namquid Point on June 9, 1772. This was one of a number of acts of violence preceding the American Revolution.

The Revolution had a significant affect on Warwick's economy. Warwick's agricultural products were in demand due to a coastal blockade by British naval units. This same blockade necessitated the development of overland trade routes. The Post Road, connecting New York, Providence and Boston, passed through Apponaug and Pawtuxet and became the main artery of

commerce, shifting the emphasis away from the coast. By the end of the eighteenth century, Apponaug had become the center of Warwick's political and economic being.

The 19th century saw Warwick beginning to change from the patterns of agriculture and sea trade towards industry, particularly the textiles industry. As maritime trade shifted to the larger ports of Providence, Bristol and Warren, the local focus shifted to manufacturing. The new textile industry introduced to Rhode Island by Moses Brown and Samuel Slater began to prevail.

Mills began to appear along the Pawtuxet River and, because of the availability of farm land brought about by the decline in agriculture, mill owners not only purchased the right to the use of the river and adjoining lands for their mills, but acquired tracts of land large enough to create nearly self-sufficient mill villages. As entire families were recruited to work in the mills, a series of villages emerged -- Centerville in 1794, Lippitt in 1809, Pontiac and Phenix in 1810, River Point in 1812, Clyde in 1828, and Arctic in 1834. Many of these villages were incorporated into West Warwick when the Towns split in 1913, but several remained in Warwick.

During the first half of the 19th century, the mills demanded better transportation which resulted in the building of the New London Turnpike in 1821 and the Stonington Railroad in 1837. These helped to make Warwick much more accessible and placed the Town in a key location along the main arteries of trade in New England. By mid-century, the population of Warwick had more than tripled, growing from 2,532 in 1800 to 7,740 in 1850.

A further stimulus to the region's growth was the Civil War (1861-1865). Warwick's textile mills found a new market in supplying uniforms and other materials to the Union Army. On the flip side, the War draft called a large number of workers into the army, causing a labor shortage. The mill owners, while at first concerned with the lack of workers, found a new source of inexpensive labor in French Canadians who were drawn to the region by the prospect of jobs. With the labor shortage resolved, the mills were able to generate significant profits from war contracts.

The industrialization of the western sections of Warwick led to increasing polarization in the community. Efforts to split off the western villages into a separate community began in the last decades of the century. These early attempts were blocked by politicians who wanted to keep Warwick intact. The prosperous mills in the west contributed to the Town's overall economy and provided an incentive to prevent any break-up of the Town. Also, the constituency of the valley villages was largely Democratic, and the Republican dominated General Assembly

rebuffed any attempts to create a new town which would likely send Democratic representatives to the State House.

When the Towns finally did separate on March 14, 1913, the transition was relatively smooth as both communities saw the advantages of the move. Warwick's third, fourth, and fifth representative districts comprising 8.3 square miles of its territory, half the population, and almost all of the industrial base, were chartered as the Town of West Warwick. West Warwick was given the new high school (1905) and Warwick retained possession of the Town Hall, built in 1893.

The division reestablished Warwick's role as an agricultural community as the needs of poultry and dairy farmers once again occupied much of the municipal government's attention. A trolley line was established in 1910 and provided improved overland connections to Providence and Cranston. Improved transportation via the trolleys, the Warwick and New Haven Railroads, and eventually the automobile, prompted many property owners to transform their summer residences into year-round homes. Greater numbers were attracted to the Oakland Beach and Rocky Point Amusement Parks as transportation opportunities improved.

The aftermath of World War I marked the end of Warwick's early prosperity. The textile industry began to decline. Strikes and labor disputes plunged the community into an early depression. Locally, national prohibition proved to be unenforceable as the City saw a return to its smuggling days -- the numerous coves and inlets providing safe haven to bootleggers.

In 1929, Warwick's Hillsgrove section was selected as the site for the State Airport, again sparking a catalyst that would greatly alter the Town's environment. The new facility opened on September 26, 1931. A total of 150,000 spectators attended two air shows at the new facility on September 27 of that year, the largest crowd to attend a public event in Rhode Island up to that time.

Warwick's population in 1930 had risen to 23,196 and the Town Meeting form of government was no longer deemed adequate to meet the needs of the people. In 1931, the voters approved a charter for a Mayor-Council approach to municipal government and Warwick became Rhode Island's eighth city.

The transition from town to city was not easy in the next decades as the municipal government struggled through the poverty of the Great Depression, the devastation of the hurricane of 1938, and the trauma of World War II. Warwick's struggle to become a modern municipality

continued as it grew at a phenomenal rate after World War II. By 1948, Warwick's population had soared to nearly 40,000. This created a demand for more housing, more schools, police and fire departments, and other public improvements. By 1965, the population had reached 77,637 and the scars of rapid expansion could be seen throughout the City. Contractors built houses that were quick and inexpensive to build; the earliest post-war subdivisions were built with 1 and 1/2 story gable-roofed houses, generally resembling eighteenth-century dwellings of Cape Cod.

The use of the automobile, while making it possible for Warwick to expand as a "bedroom community", seemed to retard establishment of a modern business and industrial base. When Interstate 95 was completed in 1966, however, Warwick was able to attract light industry. The completion of Interstate 295 gave Warwick new hope for a retail base. The opening of Midland (Rhode Island) Mall in 1968 and Warwick Mall in 1972 accentuated Warwick's central location in the state and easy accessibility. Warwick's attraction as the State's primary retail center and as a site for industry, hotels and restaurants, has continually made the City an economic force in the state and the region since.

Natural Resource Base

The City's natural resources include extensive sand and gravel deposits, groundwater supplies from the Hunt River aquifer, a number of fresh and salt-water beaches, and some areas of good agricultural land. The City's coastal waters provide extensive shellfish beds as well. This resource, which has been utilized as a food source since pre-colonial times, is endangered by pollution of Narragansett Bay. Shellfishing areas have been closed due to water contamination and more areas could follow if water quality problems are not addressed.

The City has one river with significant hydropower potential, the Pawtuxet. This potential was exploited by Warwick's local textile mill industry, which developed in the 19th century. The City's terrain is generally quite buildable being level and gently rolling. Areas of significant slope tend to be confined to the Cowesett and Warwick Neck areas. In all, Warwick's potential to rely upon its natural resource base to build major export activities is limited to its shellfish beds, which due to its endangered nature is clearly limited.

Infrastructure

Warwick is presently only 33 percent sewered. The City's wastewater treatment facility (WWTF) provides both primary and secondary treatment to sewage collected from 85 miles of sanitary sewers. The WWTF's average daily flow capacity of 5.2 million gallons/day (MGD) is intended to meet the City's wastewater needs through the year 2003. Current average daily flow has been measured at 3.7 mdg of this total, 40.9 percent is from commercial/industrial sources,

57.7 percent from residential and 1.4 percent from infiltration.

The City's secondary treatment facilities are in the final stage of a \$17 million upgrade project which was begun in 1984. The Warwick Sewer Authority (WSA) is operating under the framework of a five-year work plan (1991-1995) which identifies seven additional areas to be sewerred in order of priority.

There are currently 650 commercial and industrial accounts and 6,800 residential accounts representing 10,600 residential housing units. Commercial/Industrial users are billed based on 100 percent of water usage at \$16.83 per 1,000 cubic foot. The minimum billing is \$159.85 per unit which equals the average annual residence charge. Residential customers are billed at \$41.15/unit plus 85 percent of water usage at \$14.70/1,000 cu. ft.

Warwick also has an industrial pre-treatment program whose goal is to prevent the release into the wastewater stream those pollutants that will interfere with the WWTF's operation or contaminate the resulting sludge, or pass through the treatment process untreated. The program focuses on electroplating and precious metal industries, which typically can release heavy metals and cyanide into the waste stream. The program is being expanded to include other businesses that have the potential to release undesirable materials into the wastewater stream (e.g. gas stations, restaurants and car washes).

Public water service is available in all areas of Warwick from either the City Water Department or the Kent County Water Authority. Electrical service is provided by Narragansett Electric Company and is available in all sections of the city. Warwick is well served by both wired and wireless communication links including availability of cellular phone service in all areas of the city.

Rail freight service is available but is somewhat constrained by the need to accommodate frequent high-speed passenger rail service and by overhead clearance problems that preclude the use of "doublestack" freight cars. The western third of the city is well served by two interstate highways, I-95 and I-295, which provide access to regional markets

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Land Use Considerations

Although Warwick's 2,769 industrial-zoned acres constitutes the largest amount of land so designated by any of Rhode Island's communities, its actual acreage in industrial use ranks fifth out of all Rhode Island communities in this category (see Table 4). (See Industrial and Historic Mills Figure on the following page)

Table 4
Industrial Zoned Land - Comparison with Similar Population Size Communities

Community	Total Acres	Industrial	Other	Vacant
Warwick	2,769	703	1,664	402
Cranston	2,032	1,151	329	552
Providence	2,291	1,226	727	338

Source: R.I. Department of Administration - Division of Planning

Warwick's non-vacant industrially zoned land is in other uses. T.F. Green State Airport accounts for a significant portion of the acreage. The remaining 402 vacant acres is divided among a dozen separate sites, most of which have full utility services (see Table 5).

At present, it appears that the only site with any significant amount of vacant land is Metro Park. Located astride I-95 and the airport connector, this park is being developed for light industrial and office use. Like so many industrial sites in urban areas, Warwick's remaining sites are situated along waterways, and as such the development is limited by wetlands and flood hazard areas. Even with these constraints, Warwick does have an economic development resource in its 684,750 sq. ft. of vacant industrial space.

Unfortunately, a significant percentage of this industrial space is in many instances located in large, obsolete textile mill facilities that cannot be readily adapted to meet the needs of modern manufacturing, research and development operations.

Redevelopment of these sites is further complicated by the presence of hazardous materials in the buildings and grounds. These are the legacy of early manufacturing techniques and fires proofing that predate contemporary environmental regulation. The potential cleanup costs serve as a disincentive to private developers who may otherwise be interested in adapting these facilities and sites to new uses. The state legislature is attempting to offset these liabilities through pending legislation. Senate Bill 94-S 2954 would provide financial incentives for the redevelopment of these historic mill complexes.

Table 5
Characteristics of Vacant Industrial Sites with Utilities

Community	Sites	Vacant Areas	w/water	w/sewer	w/gas	w/rail	w/utilities & no environmental constraints
Warwick	15	402	402	316	402	257	0
Cranston	11	552	552	552	552	280	509
Providence	17	338	338	338	338	338	186

Source: Rhode Island Department of Administration, Division of Planning

Since 1980, commercial development has mainly consisted of retail and office use. As would be expected, most of the development has been constructed along the City's major arterials or within easy access to such road systems. Retail development has been concentrated along Bald Hill Road, Post Road, Greenwich Avenue, Lambert Lind Highway, West Shore Road, Warwick Avenue, Quaker Lane and Buttonwoods Avenue. North of Post Road, Warwick Avenue has experienced of Economic Development as loss of major retail activity in recent years as commercial development is increasingly drawn to the Bald Hill Road (Route 2) corridor. The latter area's superior highway access, combined with the presence of two regional malls, makes the area very attractive to vendors in an increasingly competitive market. It is obvious that future retail developers will attempt to locate in that area.

Office development has clustered along the Jefferson Boulevard corridor, Centerville Road, Post Road, Quaker Lane, West Shore Road, and Tollgate Road. Future office users, like retail developers, will naturally seek locations on other major roads. An opportunity for office space development can be identified in the underutilized and vacant commercial space on the north end of Warwick Avenue

Of the 219-acres of vacant commercially zoned land identified by the City's 1985 inventory of vacant commercially and industrially zoned land, approximately 103-acres remain undeveloped. Twenty-three percent of this land is in the office zone and seventy-eight percent is zoned general business. If current rates of consumption continue, Warwick's remaining commercial land will be developed by 1996.

Financial Resources

As a mature suburban community, Warwick has a full complement of savings and commercial banks, as well as other private lenders. In land development situations where such sources are

too expensive or are unwilling to assume more than a limited amount of risk, a variety of low-cost or high-risk loan programs are available through Rhode Island's Industrial Facilities Corporation (IFC). The IFC finances qualified commercial and industrial projects through the issuance of industrial revenue bonds. The interest earned on these bonds is either exempt from both Federal and State taxes, or just from State taxes. Other sources of financing include loan programs operated by the Small Business Administration (SBA). The SBA also provides technical support to area businesses through its Service Corps of Retired Executives (SCORE).

CHAPTER 3 PAST DEVELOPMENT EFFORTS

Organizational Activity

Warwick presently has strong and diverse economic composition, strong neighborhood identification, an extensive retail and services sector, and a diverse manufacturing base. All of these have made Warwick a model community for economic development. On the other hand, Warwick is clearly facing a transitional period in the years ahead. Abundant and inexpensive land resources, which led to the City's phenomenal growth after World War II, have been nearly exhausted. In addition, Warwick is beginning to be impacted by the effects of a regional recession. This recession has thus far been characterized by a soft real estate market, a rise in mortgage defaults, and rising unemployment.

Within this changing economic environment, Warwick has taken an active role in creating a local climate favorable to private investment. The City's lead agency in these efforts has been the Office of Economic Development. Serving as the City's pro-active development entity, Office of Economic Development has focused on business retention, business expansion, and tourism. This focus is a direct response to the recommendations of the Warwick Task Force on Economic Development's Warwick: Actions for Progress (1986). This report included fifteen recommendations regarding development review, land use, and infrastructure provision. To date, eleven of these recommendations have been implemented with varying levels of success.

Project Activities (1987-1990)

Business Retention and Expansion: In 1987, Office of Economic Development established the Northern Warwick Incentive Zone Loan Program. This program makes capital improvement loans to businesses utilizing a \$70,000 loan pool created with CD funds. To date there have been no loans issued under this program. Reasons cited for the program's failure are the wage requirements of the Davis-Bacon Act which businesses utilizing the program are required to meet. These requirements were considered by businesses in the target area to be a liability that outweighs any benefits derived from participating in the program.

The Department has sought to match the skills of the City's work force with the needs of employers through development of a skills registry and also sponsors job fairs. The Office of Economic Development also seeks to support the City's businesses through its involvement in the Small Business Administration's Service Corps of Retired Executives (SCORE). As a

point of interest, SCORE relocated its offices to Office of Economic Development in 1988 and its members provide technical advice to area businesses.

In order to increase the business community's awareness of the services available through the Office of Economic Development, the Department publishes a newsletter and provides staff support to the City's Economic Development Commission.

Tourism: With 39 miles of coastline on Narragansett Bay, T.F. Green State Airport and 1,800 hotel rooms, Warwick's potential as a tourist destination is significant. The 8,500 tourism inquiries processed by Office of Economic Development is indicative of this potential. The Office of Economic Development has also participated in a tourism program with the Warwick Chamber of Commerce, coordinated a "Whistle Stop" Tourism Tour at the Aldrich Mansion on Warwick Neck, and hosted local activities associated with National Tourism Week.

CHAPTER 4

DEVELOPMENT POTENTIALS, OPPORTUNITIES AND CONSTRAINTS

Strengths, Assets, and Potentials

Warwick has lost employment in its traditional soft good manufacturing industries. These industries located in Warwick because of: community hydropower resources, access to raw materials, markets and concentrations of capital and entrepreneurial skill. National markets and raw material sources have since become more distant, power costs have risen (particularly in comparison to other regions), and low-cost foreign competition has increased.

As manufacturing employment declined in the City, it also shifted focus from textile production to light manufacturing of jewelry, electrical/electronic components, and medical equipment. The differing space/equipment needs of these industries rendered the old mill complexes obsolete, leaving them vacant or relegated to marginal uses.

Retail and service industry employment has grown as a percentage of total employment yet is characterized by relatively low wages. The City needs to balance the declining manufacturing sector and the growing service/retail sectors with specific industries that can utilize the City's assets to grow, pay well, and to do so without generating negative environmental impacts. Attracting such industries requires:

- identifying and weighing the City's comparative assets and potentials,
- identifying its liabilities and related constraints on development,
- identifying the types of firms/industries which meet appropriate salary, growth, environmental impact and resource base criteria,
- determining which constraints can be lessened or what assets can be strengthened and exploited in order, and
- developing strategies and tactics to intervene in these areas.

Amenities to Attract or Retain Beneficial Industry

A large, well educated labor force.

Space in existing buildings.-This includes space in vacant or underused mills, in new speculatively built buildings and, in recently built structures outgrown by other firms.

Financial-professional services infrastructure. -Industrial and commercial financing is available from a range of established commercial banks and investment firms. There are also a number of high-risk or low-interest loan programs available to assist small and medium sized firms.

Proximity to major urban and rural amenities.-Develop Warwick's reputation as Rhode Island's "Hospitality Center."

- Establish a hospitality desk in the new passenger terminal at T.F. Green State Airport. Said desk would disseminate information on lodging and restaurants in Warwick, as well as general tourism information for Rhode Island.
- Establish a tourism coordinator within the City's Economic Development Office. Said person would coordinate State and local tourism initiatives and promotion.

Proximity to regional markets. -Warwick is ideally situated on the major transportation corridor linking New York, New London, Providence and Boston. This, combined with the fact that Rhode Island's state airport is located in Warwick, results in excellent access to regional and national markets citywide.

Community Support-Warwick benefits from a professionally staffed Community and Economic Development Department and related volunteer boards and committees.

Constraints and Limitations

High energy costs. -The region's dependence on imported energy resources (i.e. coal, gas, and oil), combined with its temperate climate, mean higher energy costs. This liability has not been appreciably offset by recent drops in the worldwide price of crude oil.

High housing costs. -A booming regional economy in the mid-1980's, combined with limited developable land dramatically inflated property values and, by extension, housing costs. The recent economic slowdown has caused a softening of the real estate market, but the City is still part of one of the most expensive housing markets in the country.

Limited sewage treatment facilities. - With only thirty-three percent of the City sewered, industrial development outside of established industrial districts would need to provide on-site

treatment. This would tend to limit industrial activities to those not requiring significant quantities of water for operations. Water intensive operations would require expensive on-site treatment or the extension of municipal sewers.

Growth Industries

A review of RIDES Industry Employment Data for the period 1980 to 1988 identified twenty-two industrial classifications that have shown significant growth in Warwick (see Table 6). By significant growth, the plan has designated any industrial classification showing a 50 percent or greater increase in employment during this period.

Some industries have shown significant growth due to factors unique to Warwick. These include air transportation and hotels/other lodging, which benefit from the fact that Rhode Island's only commercial carrier airport is located in Warwick. Retail categories, on the other hand, reflect the presence of two regional shopping malls in the city and the commercial growth they have fostered along Bald Hill Road (Route 2).

Table 6
Growth Industries¹

Code	Sic Short Title	Emp	Emp	'80-'88 Change	'80-'88 % Change	1988 # Firms	1988 Payroll	1988 Avg. Wage
07	Agricultural Services	99	267	168	169.7	44	4,089,304	\$15,316
17	Special Trade Contract.	516	1,124	608	117.83	195	28,376,252	\$25,246
27	Printing/Publishing	409	702	293	71.64	22	15,347,776	\$21,863
30	Rubber & Misc. Plastic	160	520	360	225.00	9	14,209,306	\$27,326
45	Air Transportation	166	478	312	187.95	20	10,895,925	\$22,795
49	Elec., Gas, Sanitary	35	74	39	111.43	6	2,881,750	\$38,943
50	Wholesale Durable Goods	687	1,105	418	60.84	153	28,971,012	\$26,218
52	Bldg. Material & Garden Supply	148	588	440	297.3	30	11,070,662	\$18,828
53	Gen. Merch. Stores	1,906	3,005	1,099	57.66	13	32,592,927	\$10,846
55	Auto Dealers	602	1,074	472	78.41	89	23,126,395	\$21,533
56	Apparel/Accessories	1,000	1,542	542	54.2	100	14,594,180	\$9,464
59	Misc. Retail	792	1,741	949	119.82	152	24,416,430	\$14,024
64	Insurance	122	288	166	136.07	52	6,659,610	\$23,124
65	Real Estate	353	539	186	52.69	70	11,103,348	\$20,600
70	Hotels/Lodging	104	327	223	214.42	6	4,04,435	\$12,491
72	Personal Services	311	542	231	74.28	105	6,159,183	\$11,364
73	Business Services	850	2,096	1,246	146.59	139	27,969,094	\$13,344
76	Misc. Repair Services	111	187	76	68.47	47	3,646,404	\$19,499
79	Amusement & Recreation	466	734	268	57.51	34	7,064,146	\$9,624
81	Legal Services	72	144	72	100.0	49	3,602,434	\$25,017
82	Educational Services	117	332	215	183.76	13	6,386,025	\$19,235
86	Membership Organizations	151	440	289	191.39	38	6,292,999	\$14,305

CHAPTER 5

DEVELOPMENT STRATEGY AND IMPLEMENTATION PLAN

Goals

- Assist in forming an economic base capable of providing a desirable standard of living, creating job opportunities, and fulfilling reasonable government tax needs.
- Maximize employment opportunities for Warwick residents including: disadvantaged minority groups, the unemployed and under-employed.
- Strive toward developing a more economically independent community, including the maintenance and expansion of light manufacturing activity.
- Provide sites suitable for various commercial and industrial activities in relation to projected needs within Warwick's land use planning program.
- Provide the proper capacity and type of utilities to appropriate locations for economic development activities.
- To provide a balanced transportation system that is convenient, safe, and efficient including: modern roadways, parking facilities and public transportation for labor mobility and transport of goods.
- Promote the City of Warwick's natural resource amenities (e.g. Narragansett Bay) in conjunction with promoting industrial development.
- Encourage commercial and industrial development in Warwick that emphasizes business retention and expansion.
- Emphasize communication between local, state and federal governments and agencies to promote economic development related issues.

- Advance Warwick as Rhode Island's "Hospitality Center".
- Ensure the retention and expansion of existing businesses in Warwick.

Strategies

Create a Certified Development Corporation (CDC)

- The City of Warwick should create a CDC. The corporation should take the form designated under the U.S. Small Business Administration's 504 Program.
- The Warwick CDC would provide assistance to area businesses through low interest loans, provision of infrastructure improvements, assembly of land parcels and legal assistance. Capitalization of the CDC would come from the sale of municipal bonds. Other sources of funding could include community reinvestment funds from local financial institutions.

Establish a revolving loan fund

- The City should create a revolving loan fund (RLF) to be administered by the CDC.
- The CDC would establish specific loan criteria for businesses making loan applications. Criteria would include: type of business, employment generating potential and locational considerations. Basic would be given preference over non-basic industries (i.e. manufacturing versus retail industries). Firms with the potential of providing a larger number of jobs would be given preference. Finally, specific site considerations would be examined (e.g. environmental constraints and existence of infrastructure). Sites with infrastructure and low environmental constraints would be ranked higher than sites with a high level of constraints and inadequate or non-existent infrastructure.

Continue the installation of public facility improvements

- Explore ways to improve vehicular (especially commercial truck) access to the metro-center industrial parks from I-95.

- Seek state acquisition/rehabilitation of Pontiac Secondary and Washington Secondary rail lines. These lines, which have been abandoned by the Providence and Worcester Railroad (P&W), represent an important transportation resource that cannot be replaced should the rights-of-way be sold off piecemeal. The proximity of both lines to major industrial and commercial activity centers provides possibilities for both commuter rail and freight rail service. RIDOT and the City should explore the potential of the Washington Secondary Line as a Light Rail line providing service from Providence to the Warwick and Rhode Island Malls.
- Work with RIDOT in the development of Route 37 extension to Warwick Avenue to increase accessibility of areas east of T.F. Green State Airport, particularly Conimicut and Warwick Neck.
- Develop Warwick's reputation as Rhode Island's "Hospitality Center".
 - Establish a hospitality desk at T.F. Green State Airport after completion of construction. Said desk would disseminate information on lodging and restaurants in Warwick, as well as general tourism information for Rhode Island.
 - Establish a tourism coordinator within the City's Economic Development Office to coordinate state and local tourism initiatives and promotion.
- "Land Bank" - to fund infrastructure improvement or land parcel assembly as a draw to a new business.
- Expand the Warwick sewer system to service those areas that are inadequately served by ISDS, as well as those areas that are targeted for commercial or industrial development.
- Upgrade the public water system to eliminate delivery/pressure problems.

Continue and expand the OFFICE OF ECONOMIC Development's marketing campaign.

- Campaign would use a mix of media advertising, direct contacts (i.e.- trade shows, trade delegations) to aggressively attract industrial and commercial investment.

- Develop a "Sisters Cities" program where the City would develop a relationship with a similar sized community in Eastern Europe to foster commercial, industrial and cultural exchanges.
- Overhaul the Northern Warwick Incentive Loan Program to counteract the problems associated with the present program. The federal employment regulations that are attached to the seed money in this program currently act as a disincentive to applicants.
- Continue Office of Economic Development's tourist promotion efforts.

Take advantage of under-utilized resources.

- Increase export oriented industries.
 - Develop airport related services and industry.
 - Examine the feasibility of developing coastal related economic resources.
- Consider rezoning additional land for industry. Said rezoning should be so located as to provide easy access to I95 and/or I295. Rezoning should also take into account the feasibility of public sewer tie-ins either to the Warwick Treatment Plant (or to the West Warwick facility using the existing capacity intermunicipal sewerage agreements). Potential sites for rezoning should abut existing industrially zoned parcels.

Promote job-creating industrial growth

- Develop an industrial and commercial incubator in existing vacant or underutilized industrial mill space. Rehabilitation and start-up costs would utilize rehabilitation tax credits, SBA and CD funding. This recommendation is made recognizing that incubators have not been used successfully by the City in the past. The last attempt at an incubator was the Northern Warwick Avenue Incentive Loan centered on a section of Warwick Avenue north of Post Road in the Lakewood section of Warwick. This northern Warwick Avenue Redevelopment

Zone provided grants to eligible local businesses for upgrading of facilities. This program was not successful due to the regulations attached to the federal dollars that funded this program. These regulations, which affected hiring and employment by local businesses, was seen as adding to the costs of the local businesspeople above and beyond any financial benefits accrued from participating in the program.

Experience that was gained from that program will enable the City to develop a successful incubator that utilizes both alternative-funding sources, tax increment financing of infrastructure improvements, and/or rehabilitation tax credits. Possible incubator sites include the area around the proposed Kilvert Street rail passenger station which will provide an intermodal link to T.F. Green State Airport. The proximity of these two transportation nodes would make this an ideal area for an incubator, especially an incubator targeted at those industries that would benefit from these transportation linkages or provide transportation related services.

- Job training programs that target high tech markets should be jointly developed by the City and CCRI, New England Tech, the Rhode Island Department of Employment and Training, etc. Job placement would also be a component of this program and would utilize the resources of Office of Economic Development and the Chamber of Commerce (i.e The Job Fairs which are already being held).
- Develop through the School Department an apprenticeship program that would combine class time with on the job training with actual local businesses. The program would provide real world applications for classroom theory and help students develop necessary job skills for today's increasingly technical business environment.

Priority Criteria

The following five criteria were developed to rank perspective projects. The 1990 - 2000 priority list is presented on the following pages:

1. Consistency with economic development goals and objectives.

- dependency upon other projects for successful completion.
2. Estimates of project costs, estimated long-term jobs to be created, and the ratio of cost to jobs.
 3. Role of the public and private sectors.
 4. Importance to other projects or
 5. Impacts -- environmental, social and economic.

Description of 1990-2000 Priority Projects

Create a Certified Development Corporation (CDC).--The CDC would be established under the auspices of the Small Business Administration (SBA). Its function would be to furnish assistance to area businesses through low-interest loans, provision of infrastructure improvements, assembly of land parcels, and legal assistance. This would allow the City to counteract a weak regional economy by offsetting some of the costs of business expansion/development through participation in project specific public/private partnerships.

A major tool of the CDC would be the Revolving Loan Fund (RLF). The RLF would be created utilizing \$25,000 in CD funds reallocated from the Northern Warwick Incentive Zone Loan Program, matched by \$25,000 in bond funding. To maximize beneficial leverage affects, loan applications would be evaluated utilizing specific criteria. These criteria would include: employment potential, potential service demands, environmental impacts, and economic multiplier affects. The later relating to the applicant's potential for attracting similar or complementary businesses.

- **Pontiac Secondary, Washington Secondary, Warwick Industrial Track; Acquisition and Rehabilitation.**--Seek state acquisition/rehabilitation of Pontiac Secondary and Washington Secondary rail lines. These lines, which have been abandoned by the Providence and Worcester Railroad (P&W), represent an important transportation resource that cannot be replaced should the rights-of-way be sold off piecemeal. The proximity of both lines to major

industrial and commercial activity centers provides possibilities for both commuter rail and freight rail service. RIDOT and the City should explore the potential of the Washington Secondary Line as a Light Rail line providing service from Providence to the Warwick and Rhode Island Malls via West Natick Road.

Pending a successful completion of a purchase agreement by RIDOT, the plan calls for the expenditure of \$600,000 to rehabilitate the Pontiac Secondary and the Warwick Industrial Track. The project would involve the replacement of selected rail, ties, and surfacing. The project would also involve rehabilitation of the Pawtuxet River Bridge on the Warwick Industrial Track. Rehabilitation of the lines would permit efficient freight movements.

The Washington Secondary, which serves the communities of Cranston, Coventry, Warwick and West Warwick, has potential as a commuter rail route as well as a freight line. Rehabilitation of this line to FRA Class 3 standards would make commuter rail service a viable option, as well as making the line an efficient freight carrier. Since Rhode Island's limited access highway system under-serves the areas west of the I-95 corridor, and since roads in this area suffer from capacity problems arising from suburban development, commuter rail service to this area would serve to offset capacity deficiencies of the existing road network.

The plan recommends development of an Intermunicipal Rail Task Force (Cranston, Coventry, Warwick, and West Warwick) to develop a plan of action for rehabilitation of this important rail corridor. In addition to upgrading the existing rail line, the Task Force would identify land use strategies that would maximize the utilization of this important resource.

- **Incubator/Mentor Program--**The Department of Economic and Community Development would utilize \$45,000 in reallocated community development funds combined with \$45,000 in small business administration (SBA) funds and \$60,000 in local funds to fund an industrial incubator. The incubator would be a joint effort by the City and a local educational institution (i.e. New England Tech), the latter providing technical support to incubator businesses.

In conjunction with the incubator, the Department would develop a mentor program utilizing the resources of the Service Corps of Retired Executives (SCORE). This volunteer program would match older, experienced Office of Economic Development business people with new companies in one of the high-tech fields. The mentors would act as consultants rather than company employees or managers. The entrepreneurs assisted by the program would benefit from the mentor's management experience during their firm's critical start-up period.

- **Metro Center Interchange**--Development of a direct highway access to Interstate 95 by way of the Airport Extension. The proposed interchange would eliminate accessibility problems associated with the Metro Center Industrial Park. Current routes by way of Kilvert Street and the Coronado Street Extension suffer from a capacity problem due to airport traffic at Post Road.

Footnote

¹ Average wages for SIC groups 56 and 79 are apparently influenced by a large number of part time workers.